



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE

REFER TO FILE: **EP-2**

June 24, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-2756

Dear Supervisors:

**MALIBU GARBAGE DISPOSAL DISTRICT
SUPERVISORIAL DISTRICT 3
4 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize Public Works and the Auditor-Controller to reduce the reserves and fund balances in the Malibu Garbage Disposal District (District), Supervisorial District 3, by providing a refund of the Garbage Collection and Disposal Service Fee to each eligible parcel of property in the District in an amount equivalent to the amount of the annual Service Fee assessed on each said property's Annual Property Tax Bill for Fiscal Year 2004-05. Total amount of the refund is estimated at \$360,000 which is to be provided by the District's Other Charges appropriation for Fiscal Year 2004-05 (GA5 Fund).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In 1999 the Auditor-Controller completed a comprehensive fiscal review of the Garbage Disposal Districts. As a follow-up to the fiscal review, your Board approved the reduction of the reserves and fund balances in the District by providing a refund of the District's Service Fee to those property owners in the District in an amount equivalent to the annual Service Fee assessed on the 2000-01, 2001-02, 2002-03, and 2003-04 Annual Property Tax Bill. Public Works was also to review the District's financial status on an annual basis to determine the adequacy of reserves and fund balances with

appropriate recommendation to the Board for its consideration. Our most recent financial analysis indicates that the reserves and fund balances in the District could be further reduced by providing a refund equivalent to the amount of the 2004-05 Service Fee. The recommended refund is to be provided to those property owners in the District whose names are on the Assessor's records as of January 1, 2004. The proposed refund in the District is set to equal the annual Service Fee (\$120 per refuse unit). A single-family home equals one refuse unit. As a result, for eligible properties the refund will fully offset the Fiscal Year 2004-05 Service Fee.

Since 1980 the operation of the District has mainly been financed through the collection of an annual Service Fee on the tax roll from each parcel of property in the District. The District also receives a limited amount of ad valorem property tax revenues. Savings in contract costs have resulted from uncharacteristic and/or unanticipated low bids for the District's previous contracts.

We have concluded, with County Counsel's concurrence, that providing property owners in the District with a special refund equivalent to the Fiscal Year 2004-05 Service Fee continues to be the most feasible mechanism to reduce the reserves and fund balances. The refund would show as a credit on the 2004-05 Annual Property Tax Bill of the affected property. This process, while providing the most cost-efficient and convenient method, would allow the District to fulfill its financial commitment during the current contract period. We will continue to analyze the District's financial position on an annual basis to determine if further refunds are appropriate and will provide the Board with an appropriate recommendation.

Implementation of County Strategic Plan Goals

This action is consistent with the County Strategic Plan Goal of Fiscal Responsibility. As proposed, the refund of the Service Fee to each parcel of property in the District is to reduce the reserves and fund balances in the District.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

Sufficient funds are available in the District's reserves to provide for the recommended refund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel concurs with the above recommendation.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will have no impact on the quality of the District's regular and special services being provided to all residential, commercial, and business customers.

CONCLUSION

It is requested that two approved copies of this letter be returned to Public Works.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

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cc: Chief Administrative Office
County Counsel
Auditor Controller